

# EXHIBIT 3

# Attorney for PG&E Fire Victims Funded by Wall Street Firms He's Negotiating Against

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About 70,000 wildfire survivors are waiting for PG&E to pay out claims. (Amy Osborne/AFP/Getty Images)

An attorney whose firm represents the largest single group of Northern California wildfire survivors in the PG&E bankruptcy is partially funded by some of the very Wall Street firms he's been negotiating against.

San Antonio, Texas-based lawyer Mikal Watts, of the firm Watts Guerra LLP, told KQED he's known that his credit line included financing from private equity heavyweight Apollo Global Management and investment firm Centerbridge Partners.

The firms represent competing groups that have sat across the bargaining table from each other, while also negotiating against wildfire survivors in the PG&E bankruptcy.

The PG&E wildfire cases are among the more recent mass tort cases Watts has mounted. That kind of complex litigation can take years and cost millions, which is where Centerbridge and Apollo came in.

Their financial dealings with Watts were unearthed by a fire survivor in a PG&E bankruptcy court filing this week. It quotes Watts telling clients at a December town hall in Santa Rosa that he came to "realize...that part of my operational line of credit... had been in effect cordoned off, some to Centerbridge, some to Apollo" among others.

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In late 2019, Apollo and Centerbridge were competing against one another to strike a lucrative deal with Watts and other attorneys for wildfire survivors. The Watts group's client roster includes 16,000 of the estimated 70,000 PG&E fire survivors who have filed claims in the bankruptcy. Watts was heavily involved in negotiating the \$13.5 billion compensation deal that lawyers for fire survivors brokered in early December, according to people involved in the case and Watts himself.

"I wanted to disclose to my clients that backdrop, of who I met, and give them the full color of why I thought one deal was superior to the other," Watts told KQED this week.

PG&E fire victims have been casting ballots on the bankruptcy deal since April 1, with voting continuing through May 15. The plan requires support from two-thirds of survivors who vote. Watts says nearly 13,000 of his clients have voted "yes" so far.

The company is aiming to exit bankruptcy by June 30 so it can tap a state insurance fund that would pay future fire survivors if the utility's equipment sparks future fires.

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Watts and others involved, including the committee of survivors in bankruptcy court, ultimately chose the deal presented by the group that included Centerbridge, which bought up PG&E stock as the price tanked after the 2018 Camp Fire. Centerbridge has also scooped up around \$200 million in claims by insurance companies against PG&E, and is expected to reap a major financial windfall once the utility exits from Chapter 11.

Apollo, which is a major owner of PG&E's debt, had offered a competing deal, which was rejected by lawyers for survivors.

The line of credit was provided to Watts by St. Louis, MO-based investment firm Stifel. In the emerging area of litigation financing, brokers like Stifel act as a go-between for lawyers seeking to fund large cases and investors seeking part of the reward if a case ends in a payout. Stifel, Centerbridge, and Apollo did not respond to requests for comment.

"Stifel has the right to make assignments on percentages of the deal," Watts told KQED in a phone interview this week, "I have no right to know how they've assigned it. What I do know is I learned Centerbridge and Apollo had taken assignments on a percentage of my deal. Then, they introduced me to their respective corners in the equity versus debt fight."

Watts said Centerbridge's weight in the equity group of 1.6% of PG&E shares was overshadowed by Apollo's half a billion dollar holdings of PG&E bonds.

"If that had entered my thinking, I would have gone with the bonds. They were bigger players," Watts said.